



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

Since the days of John Howard and Sir Frederick Eden no private individual in England had undertaken a social inquiry that compared either in scope or in social importance with the *Life and Labour of the People in London*. This study of London poverty, begun in 1886, was completed in 1902. "Seventeen years and an equal number of volumes have been occupied with this inquiry," he wrote in his final volume. "But the subjects covered offer a wide range; being no less than life and industry as they exist in London at the end of the Nineteenth Century under the influences of education, religion, and administration."

Mr. Booth received the gold medal of the Royal Statistical Society in 1892, and he was president of the Society from 1892 to 1894. He was a member of the Royal Commission on the Aged Poor, 1893-95, of the Tariff Commission, 1904, and of the Royal Commission on the Poor Laws and the Relief of Distress from 1905 until his resignation, because of ill-health, in 1908. He became the Right Honorable Charles Booth in 1904 by appointment to the Privy Council. He was a Fellow of the Royal Society and held honorary degrees from the universities of Oxford, Cambridge, and Liverpool. To the end, however, his modesty remained one of his most striking characteristics. He rejoiced that in what he called his attempt at "a better statement" of the problem of poverty he had had many imitators, and he wrote with some satisfaction at the close of the last volume of *Life and Labour* in 1902, "The spirit of patient inquiry is abroad; my attempt is only one of its children."

EDITH ABBOTT

CHICAGO SCHOOL OF CIVICS AND PHILANTHROPY

WASHINGTON NOTES

THE PROBABLE DEFICIT

The publication of the finance report for the current year has made evident the fact that it will be necessary to provide very largely for federal expenses by finding sources of revenue other than those which are now open under the terms of existing taxation. The finance report shows that the expenses for the fiscal year ending June 30, 1917, will be about \$103,000,000 more than the resources during that time, while by the end of the following fiscal year (June 30, 1918), for which Congress is now making appropriations, there will be a deficit of about \$185,000,000. This latter deficit, however, will have been reached through the exhaustion of a fund of about \$114,000,000, estimated to represent the free resources of the Treasury on July 1, 1917. The "deficit" which must

be provided for between now and the end of the next fiscal year (June 30, 1918) will thus be in round numbers either \$300,000,000 or \$400,000,000, according to the definition assigned to the term. To place the Treasury in a position as good as that which it now occupies would require a new revenue of about \$400,000,000. This is the cost of "preparedness" and is the more striking in that it represents the shortage of funds to be provided for after collecting the revenue to be derived from a doubled income tax and from other sources of taxation opened by recent legislation. Under the terms of existing law the Treasury Department has the power to "reimburse" the government for funds expended in the construction of the Panama Canal up to about \$228,000,000, so that this amount could theoretically be obtained through the issue of bonds. This, however, as just seen, would not provide for anything like the total amount required. It must be remembered, furthermore, that the continued cost of policing the Mexican frontier and the provision which now seems likely to be made for higher rates of pay to government employees will probably add materially to the amount of the deficit as computed above. The conclusion, therefore, to which the observer is irresistibly driven is that new methods of taxation must be opened in the near future, or modes of reducing expenditure not now contemplated must be resorted to, or that both expedients must be adopted. It has long been recognized that there were many directions in which federal expenditures could wisely be cut, but there is no retrenchment which at the present time stands out as distinctly likely. The evident conclusion, therefore, seems to be the necessity of new federal taxation or else the increasing of the rates of existing taxation. The situation, moreover, is aggravated by the fact that, as the prohibition movement spreads, it becomes more and more likely that the large internal-revenue receipts now derived from taxes on malt and distilled liquors may disappear at a comparatively early date. Revision of the federal revenue system practically throughout is thus made to appear as a probable necessity of the very near future if the existing drift toward large naval and military expenditure is to be continued, as now appears to be inevitable.

AMENDMENTS TO THE FEDERAL RESERVE ACT

The Federal Reserve Board, in connection with its annual report to Congress, has transmitted to that body drafts of amendments intended to provide for certain changes in the Federal Reserve Act believed, as the result of experience, to be necessary.

The list of such amendments includes the following items:

1. An amendment designed to advance the date when reserve balances carried with city correspondents will no longer count as reserves, from November 1, 1917, to a date 60 days after the passage of the amendatory act.
2. A provision authorizing the Federal Reserve Board to increase member bank reserves under carefully guarded conditions.
3. A revision of Section 19 of the Act relating to reserves so far as to eliminate matter which has become obsolete by reason of the actual effecting of reserve transfers, while at the same time reserves carried with federal reserve banks are strengthened, and the amount of funds to be carried in vault by the member banks is fixed at a uniform 5 per cent.
4. A revision of Section 16 providing for the direct issue of federal reserve notes against gold and the counting of gold in the hands of federal reserve agents as a part of the gold reserves of reserve banks.
5. An amendment to Section 16 permitting non-member state banks and trust companies, even though too small to be eligible for membership in the federal reserve banks, to avail themselves of the clearing and collection facilities of the federal reserve banks, provided that they cover at par checks on themselves sent for collection by the federal reserve bank, and provided further that they keep a compensating balance with the federal reserve bank in an amount to be determined under rules prescribed by the Federal Reserve Board.
6. An amendment of Section 22—the penal statute—to define more clearly the rights and limitations of directors in the matter of accepting fees or compensation other than the ordinary fees paid directors for legitimate services rendered in the regular course of business, the performance of which service is not incumbent upon them in their capacity as directors.
7. An amendment of Section 13 to restore the provision which was by error stricken from the act in the amendments of September 7, 1916, thus restoring to national banks, with the approval of the Federal Reserve Board, the right to accept up to 100 per cent of their capital and surplus in transactions involving imports or exports.
8. An amendment of Section 17 to cancel the provision of the National Bank act which requires national banks to maintain a minimum deposit of government bonds with the Treasurer of the United States.
9. An amendment of Section 25 to authorize member banks located in cities of more than 100,000 population and which have a capital and

surplus of more than \$1,000,000 to establish branches in the same city, provided the state laws do not prohibit state banks and trust companies from establishing branches.

10. An amendment of Section 9 to authorize mutual savings banks not having capital stock to become associate members of the federal reserve system under certain prescribed conditions.

11. An amendment of Section 4 to abolish the title and office of deputy federal reserve agent, thus having two unattached Class "C" directors instead of one as at present, and to create the position of assistant federal reserve agent, who shall not be a director of the bank, but who shall be a salaried bonded officer in the federal reserve agent's department, serving at all times as an assistant to the federal reserve agent and qualified to act for the agent in his absence.

It will be noted that the principal of the Board's proposed amendments are intended to work together toward the further application of the policy already mapped out in a statement issued to the public by it on November 28. In that statement it was suggested that the inflow of gold into the United States need not be considered a menace to the well-being of the community provided that satisfactory provision was made for the control of its movement and accumulation. The question would be how to obtain and exercise sufficient authority in connection with such control. This, as is now suggested by the Board, can be accomplished by wiping out the fictitious reserves carried in the form of reserve balances, vesting the Board itself with power to increase when necessary the percentage of member bank reserves carried with reserve banks, and rearranging the reserve requirements of the country so as to place all reserve funds, except needed till money, in the hands of the reserve banks themselves. As a further aid to the working out of this program, the Board has renewed its recommendation for an amendment to the Act designed to permit the direct issue of federal reserve notes for gold and the counting of such gold as a part of the reserve of the reserve banks themselves, thus presumably strengthening their lending power and correspondingly increasing their ability to render aid in the event of difficulty or disaster on the part of the member banks.